

Message Text

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70

ACTION NEA-10

INFO OCT-01 EA-07 ISO-00 EB-07 /025 W

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R 300800Z DEC 75

FM AMEMBASSY KABUL

TO SECSTATE WASHDC 5563

USDOC WASHDC

AMEMBASSY THERAN

AMCONSUL SYDNEY

INFO AMEMBASSY CANBERRA

LIMITED OFFICIAL USE KABUL 8418

USDOC FOR MEPD

E.O. 11652 N/A

TAGS: BEKP, AF

SUBJ: MAJOR PROJECT: KANDAHAR CEMENT PLANT

1. DURING DECEMBER 28 CALL ON AFGHAN MINISTER OF MINES AND INDUSTRIES, AMBASSADOR WAS INFORMED THAT GOVERNMENT OF AFGHANISTAN (GOA) MADE CABINET-LEVEL DECISION EARLY IN MONTH TO AWARD KANDAHAR CEMENT PLANT CONTRACT TO LOWEST BIDDER, A CZECHOSLOVAKIAN FIRM. CZECHS HAD, THE MINISTER SAID, SUBMITTED LOWEST BID FOR COMPLETE TURNKEY PROJECT, WHICH GOA PREFERS.

2. FURTHER DISCUSSION, HOWEVER, ELICITED FACT THAT WHILE NOD HAS BEEN GIVEN TO CZECHS FINAL NEGOTIATIONS HAVE NOT RPT NOT YET BEEN COMPLETED AND NO RPT NO CONTRACT HAS BEEN SIGNED. BOTH MINISTER (ASEFI) AND HIS PRESIDENT FOR INDUSTRIES (TOUFIQUI), WHO BRIEFLY JOINED MEETING, INDICATED THEIR BELIEF THAT CZECHS ARE HAVING SECOND THOUGHTS ABOUT THEIR BID FIGURE AND ARE, APPARENTLY, HESITANT ABOUT MAKING A FINAL COMMITMENT. TOUFIQUI SAID THEY WERE UPPING THEIR ESTIMATE BY A QUARTER OR A THUTD. (NOTEJE BEGIN LOU. REPS OF FULLER CORPORATION, A U.S. FIRM IN COMPETITION FOR

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CONTRACT, INDIRECTED TO EMBOFF ON DECEMBER 23 THAT TOUFIQUI

HAD TOLD THEM WINNING TURNKEY FPUURE WAS 42 MILLION DOLLARS. FULLER REP EXPRESSED DOUBT THAT ANY U.S. FIRM COULD PRODUCE TURNKEY PROJECT FOR THIS FIGURE. CEIHS MAY NOW BE HARBORING SAME DOUBTS ABOUT THEIR ABILITY TO DO SO. MINISTER OF PLANNING KHURRAM TOLD AMBASSADOR DECEMBER 27 THAT CZECHS HAD INDICATED THEIR REVISED FIGURE MAY BE AS HIGH AS 52 MILLION DOLLARS. END LOU).

ASEFI SAID THAT CZECHS HAD UNTIL END OF JANUARY TO COMPLETE NEGOTIATIONS AND SIGN CONTRACT. IF THEY ARE UNABLE, OR UNWILLING, TO DO SO, GOA PLANNED TO TURN TO NEXT BEST BID AND BEGIN NEGOTIATIONS WITH ANOTHER FIRM, WITH STRONG IMPLICATION THIS LIKELY BE U.S. FIRM. (NOTE: BEGIN LOU. FULLER CORPORATION WAS SPECIFICALLY MENTIONED IN THIS CONTEXT AS BEING IN STRONG COMPETITIVE POSITION. END LOU.) MINISTER SUGGESTED U.S. FIRMS INVOLVED BE SO INFORMED.)

4. COMMENT: ASEFI ADMITTED AFGHAN TENDERING PROCEDURES HAVE BEEN ERRATIC AND INDICATED HE HOPED TO RATIONALIZE THEM IN DUE COURSE. RE THE KANDAHAR PLANT, HOWEVER, HE LEFT NO DOUBT THAT THE COMPETITION WILL BE REOPENED, AS DESCRIBED ABOVE, IF THE CZECHS DO NOT HOLD TO THEIR ORIGINAL FIGURE AND THAT IT WILL REMAIN A COMPLETE TURNKEY PROPOSAL. HE, KHURRAM, AND TOUFIQUI MADE IT CLEAR THAT THE GOA IS NOT RPT NOT INTERESTED IN STARTING WITH OFOHGAN ENGINEERING SERVICES CONTRACT. WE URGE ALL INTERESTED U.S. FIRMS TO USE INTERVENING PERIOD, THEREFORE, TO REFINE THEIR OWN PROPOSALS INsofar AS POSSIBLE AND COMMUNICATE THEIR FINAL FIGURES TO THE GOA. THE EMBASSY STANDS READY TO RELAY FURTHER INPUTS TO THE GOA OR TO ASSIST REPS WHO MAY WISH TO VISIT KABUL FOR THIS PURPOSE.

5. FOR DEPARTMENT (NEA/PAB). PLEASE PASS UNCLASSIFIED PORTIONS OF MESSAGE TO IECO. WE WILL ALSO PASS TO RUFF, HERE.

6. FOR TEHRAN AND SYDNEY. SAME ACTION REQUESTED RE FULLER CORPORATION AND KAISER ENGINEERING, RESPECTIVELY.
ELIOT

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